



FY 2014-15 Federal Program Monitoring of Local Educational Agencies

Fiscal Monitoring

**Presented by: April Woodcheke, Paula Flores
and Teresa Palomino**

August 2014



TOM TORLAKSON
State Superintendent
of Public Instruction

Presentation Topics

- Fiscal Monitoring (FM) Instrument
- Most Common 2013-14 Cycle B and D Findings
- Best Practices for a Successful Review
- FM Unit Contact Information



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Fiscal Monitoring Federal Programs Reviewed

- Title I, Part A, Basic Grants Low Income and Neglected Program—Resource Code 3010
- Title I, Part C, Migrant Ed & Migrant Ed Summer Program—Resource Codes 3060 & 3061
- Title II, Part A, Teacher Quality Program—Resource Code 4035
- Title III, Limited English Proficiency (LEP) Student Program—Resource Code 4203
- Title IV, Part B, 21st Century Program—Resource Code 4124



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Fiscal Monitoring Instrument Components

- III-FM 1. Timekeeping Requirements
- III-FM 2. Allowable Costs
- III-FM 3. Supplement, Not Supplant
- III-FM 4. Cash Management
- III-FM 5. Funding
- III-FM 6. Reporting



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III-FM 1. FEDERAL TIMEKEEPING REQUIREMENTS

Ensure the LEA properly charges and documents salaries and wages that are reasonable, necessary, and allowable in accordance with applicable program requirements.



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The Level of Documentation Necessary is Based on:

- How an employee is funded (i.e., federal vs. state)
- How many “cost objectives” the employee worked on (i.e., single objective vs. multiple cost objectives)
- What type of schedule the employee works (i.e., various duties or a predetermined schedule of the same duties that show the same amount of time each pay period)



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Time Distribution Records

If federal funds are used for salaries, then time distribution records are required, even if they were paid with only \$1 of federal funds.

Time distribution records include:

- **Periodic Personnel Certification**
(single cost objective = at least semi-annually)
- **Personnel Activity Report (PAR)** or equivalent
(multiple cost objectives = at least monthly)
- **Other Options***

**e.g. federally approved substitute systems – see attachment 2*



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Cost Objectives

What is a “cost objective?”

Title 2, CFR, Part 225, defines a cost objective as a function, contract, grant award, or other category of costs that requires the grantee to track specific cost information.



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Single Cost Objective?

- All duties of the position serve the same population of students

AND

- Funding and activities of the position can be supported 100% by either funding source



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Periodic Personnel Certification Required When:

- An employee works solely on one federal program
- An employee works on one cost objective
- An employee works solely on a Schoolwide Program (SWP) in which the school consolidates federal funds
- A school-site employee works on a SWP and School-Based Coordinate Programs (SBCP) assuming those are the only two funding sources



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Periodic Personnel Certification Documentation Requirements:

- Include a statement certifying that the **employee worked solely (100%)** on the identified program
- Be **completed at least semiannually** and cover the entire period of the certification

NOTE – This should be an after-the-fact determination of time, and should be signed on or closely after the employee's last working day in that period, not before.

- Be **signed by employee** or the **employees' supervisor** (with direct knowledge of the work performed by the employee)



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Periodic Personnel Certification Sample

Semiannual Certification¹

Period Covered ² _____ Fiscal Year _____

Employee Name _____

School/Division/Department _____

| <u>Cost Objective/ Program Title</u> | <u>Account/Resource Code</u> | <u>Percentage of Effort</u> |
|--|------------------------------|-----------------------------|
| Program ABC | 1111 | 100% |

I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Employee or Supervisory Official³

Date



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Periodic Personnel Certification Sample

SEMI-ANNUAL CERTIFICATION

This is to certify that Wayne Newton has worked 100% of his time for the period March 1, 2013 through August 31, 2013 on IDEA Part B programmatic activities.

Wayne Newton
Signature of Employee

Wayne Newton
Printed Name of Employee

9/4/13
Date

Frank Sinatra
Signature of Supervisor

Frank Sinatra
Printed Name of Supervisor

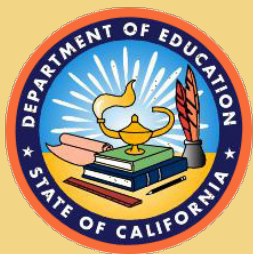
9/4/13
Date



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Periodic Personnel Certification for Multiple Employees must...

- Document the specific cost objective of each employee
- Be signed by a supervisor with direct knowledge of the work performed by all the employees listed



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Blanket Periodic Personnel Certification Sample

Blanket Periodic Certification¹

Period Covered:² _____ Fiscal Year: _____

School Name: _____

The following individuals have worked 100 percent of their time during the last six months under a single cost objective.

Cost Objective Name: _____

Cost Objective Account/Resource Number: _____

| Position | Printed Name | Signature ³ |
|-------------------------|--------------|------------------------|
| Teacher A | _____ | _____ |
| Teacher B | _____ | _____ |
| Teacher C | _____ | _____ |
| Instructional Assistant | _____ | _____ |
| Tutor | _____ | _____ |
| Guidance Counselor | _____ | _____ |

I hereby certify that this report is an after-the-fact determination of actual effort expended for the period indicated and that I have full knowledge of 100 percent of these activities.

Supervisory Official³ (Signature, Printed Name, and Title) Date



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Personnel Activity Reports

According to the Title 2, CFR, Part 225, when employees work on **multiple activities or cost objectives**, salaries or wages must be supported by personnel activity reports (PARs) or equivalent documentation, such as timesheets or substitute systems.



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Personnel Activity Reports Documentation Requirements:

- Reflect an **after-the-fact distribution** of the actual activity of each employee; not budgeted time
 - If percentages are used to depict actual activities, the LEA is responsible for keeping additional documentation to substantiate those percentages.
- Account for the **total actual activities for which each employee** is compensated; this must account for 100% of the employee's time
- Be **prepared at least monthly** and must coincide with one or more pay periods
- Be **signed by the employee**



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PAR Sample

Employee Name: _____

Month: _____ Year: _____

Position/Title: _____

| Funding Programs | | | |
|------------------|-----------|---------|-----------|
| Program | % of time | Program | % of time |
| 0 | 0.0% | 0 | 0.0% |
| 0 | 0.0% | 0 | 0.0% |
| 0 | 0.0% | 0 | 0.0% |
| 0 | 0.0% | 0 | 0.0% |

| PROGRAM | Description of Activity | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Totals | Percent |
|-------------|-------------------------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|--------|---------|
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | % | |
| Total Hours | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | % | |

This includes only actual hours worked.

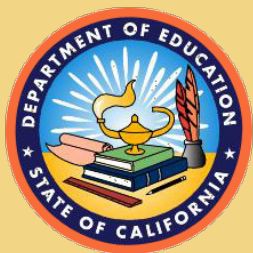
I certify that the information recorded on this report is true and correct to the best of my knowledge.

Signature of Employee _____

Date _____

Signature of Supervisor _____

Date _____



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PAR Sample

XXX School District

TIME ACCOUNTING FOR MULTI - FUNDED PERSONNEL

| School/Department: Charlie Brown Middle School | | Name: Lucy Schultz | | | | | | | | | | | | | | Title: Resource Specialist | | | | | | | | | | | School Yr. January 2012 | | | | | | | |
|---|----------------------------|---------------------------|-----|---|---|---|---|---|---|---|----|----|----|----|----|-----------------------------------|----|----|----|----|----|----|----|----|----|----|-------------------------|----|----|----|----|----|-------------|----|
| Program | Activities for (month/yr) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Total Hours | |
| Title I | Reading Coach | | 2 | | 2 | | | | | | 2 | 2 | 3 | 5 | 4 | | | | | | | | | 3 | 2 | 4 | | | | | | | 29 | |
| Title I | Parent conference | | | | | 3 | 3 | | | | | 1 | 1 | | | | | | | | 8 | 8 | | | | | | | | | 8 | 8 | | 40 |
| Title I | Prep work | | 2 | | 2 | | 2 | | | | 2 | 1 | 2 | 2 | 2 | | | | | 2 | | | | | 1 | 1 | 2 | 2 | 3 | | | | 26 | |
| EIA | Interpretation | | 2.5 | | | 3 | 1 | | | | 4 | 4 | | 2 | | | | | 8 | 6 | | | | | | | | | | | | | 30.5 | |
| General | Master Teacher observation | | 1.5 | | | 2 | 2 | | | | | 2 | 1 | | | | | | | | | | | 4 | 5 | 2 | 6 | 5 | | | | | 30.5 | |
| General | Time management training | | | 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 8 | |
| 21st Cent | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | Holiday | | | | | | | | | | | | | | | | | 8 | | | | | | | | | | | | | | | 8 | |
| | Sick leave | | | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | 4 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | |
| | TOTAL | | 8 | 8 | 8 | 8 | 8 | | | 8 | 8 | 8 | 8 | 8 | 8 | | 8 | 8 | 8 | 8 | 8 | 8 | | 8 | 8 | 8 | 8 | 8 | | | 8 | 8 | 176 | |

I hereby certify that the above information is a true and correct representation of the actual time spent by me in support and compliance of the above Federal and State Categorical programs and General Education Programs operated by the District. This form has been completed to meet standards set forth in Title 2, Code of Federal Regulations, Part 225. Month Total

| | | | |
|--------------------|------|----------------------|------|
| EMPLOYEE SIGNATURE | DATE | SUPERVISOR SIGNATURE | DATE |
|--------------------|------|----------------------|------|

Directions:
To be completed each month
Enter time in half hour increments
Enter funding source in program column
Enter one activity per row under the Activity column

| Program Name | A. Hours Funded | B. Hours Worked | Difference (A - B) |
|--------------|-----------------|-----------------|--------------------|
| Title I | 100 | 95 | 5 |
| EIA | 25 | 30.5 | -5.5 |
| General | 50 | 38.5 | 11.5 |
| 21st Century | 5 | 0 | 5 |
| Total | 180 | 164 | 16 |



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PAR Sample

TIME ACCOUNTING FOR MULTI-FUNDED PERSONNEL

| School/Department | Name | Title | Calendar Month: December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | School Yr: 2013 | | | | | | | | | | | | | | | | | | | | |
|---|------------------------------------|-----------------|--------------------------|-----------------|-------------|------|------|------|-----|------|------|------|------|------|------|-----|------|------|------|------|--|-----|-----|------|-----------------------------|-----|-----------------|-----------------|-----------------|-------------|----------|------|-------|-----------------|------|--------|---------|------|-------|-------|-------|-------|---------|------|-------|-------|-------|-------|---------|------|-------|-------|------|--------|
| Program | Activity Description | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Total Hours | | | | | | | | | | | | | | | | | | | | |
| Migrant | Update student info in Aeries | | | 1.00 | 1.00 | 1.00 | | 1.00 | | | | 1.00 | | | 1.00 | | 1.00 | 1.00 | 1.00 | | | | | | | | | | | | | | | 9.00 | | | | | | | | | | | | | | | | | | | | |
| Migrant | Migrant Parent Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| Migrant | Migrant Reports for December | | | | | | | | | | 1.00 | | | | | | | | | | | | | | | | | | | | | | | 1.00 | | | | | | | | | | | | | | | | | | | | |
| Migrant | Update info from MSIN to Aeries | | | 1.00 | 1.00 | 1.00 | | 1.50 | | | | 1.50 | | | 1.00 | | 1.50 | | | | | | | | | | | | | | | | | 8.50 | | | | | | | | | | | | | | | | | | | | |
| Migrant | Migrant Claims | | | | | | | | | | | | 1.50 | | | | | | | 1.00 | 0.50 | | | | | | | | | | | | 3.00 | | | | | | | | | | | | | | | | | | | | | |
| Migrant | Print report for recruiters | | | | | | | | | | | | | | | | | 1.00 | | | | | | | | | | | | | | | 1.00 | | | | | | | | | | | | | | | | | | | | | |
| Title 1 | Call parent with SES info | | | | | | 1.00 | | | 1.00 | | | | 1.00 | | | | | 1.00 | | | | | | | | | | | | | | 4.00 | | | | | | | | | | | | | | | | | | | | | |
| Title 1 | Enter student info into EZSES | | | 3.00 | 2.00 | 3.00 | | 2.00 | | 2.00 | 2.00 | 1.00 | 2.00 | 2.00 | | | 2.00 | 2.00 | 2.00 | 3.00 | 2.00 | | | | | | | | | | | | 30.00 | | | | | | | | | | | | | | | | | | | | | |
| Title 1 | Send info to SES provider | | | | | | | | | | 0.50 | | | | | | | | | | | | | | | | | | | | | | 0.50 | | | | | | | | | | | | | | | | | | | | | |
| EIA/SCE | Professional Staff Training | | | | | | | | | | | 7.00 | | | | | | | | | | | | | | | | | | | | | 7.00 | | | | | | | | | | | | | | | | | | | | | |
| EIA/SCE | Translated meeting request SPED | | | | | | | | | | | | | | | | 1.00 | | 1.00 | 1.00 | | | | | | | | | | | | 3.00 | | | | | | | | | | | | | | | | | | | | | | |
| District | Student Registration | | | 2.00 | 2.00 | 2.00 | | 2.00 | | 2.00 | 2.00 | | 2.00 | 2.00 | | | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | | | | | | | | | | | | 26.00 | | | | | | | | | | | | | | | | | | | | | |
| District | MAA | | | | | | | | | 1.00 | 1.00 | | 1.00 | 1.00 | | | | | | | | | | | | | | | | | | | 4.00 | | | | | | | | | | | | | | | | | | | | | |
| District | Send Parent for student shots | | | | 1.00 | | 0.50 | | | | | | 0.50 | | | | 0.50 | | | 1.00 | | | | | | | | | | | | | 3.50 | | | | | | | | | | | | | | | | | | | | | |
| Title 1 | Identify homeless fam/registration | | | 1.00 | 1.00 | 1.00 | | | | 0.50 | | | 1.00 | | | | 1.00 | 1.00 | 1.00 | 1.00 | | | | | | | | | | | | | 8.50 | | | | | | | | | | | | | | | | | | | | | |
| EIA/SCE | Discuss tutoring w/parent | | | | | | | | | | | | | | | | | 1.00 | | | | | | | | | | | | | | | 1.00 | | | | | | | | | | | | | | | | | | | | | |
| Title 1 | Afterschool Info. for parents | | | | | | | | | 0.50 | | | | | | | | | | 1.50 | | | | | | | | | | | | | 2.00 | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| LUNCH | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | | | | | | | | | | | | | | | | | | | | |
| OTHER | (ie. Personal Day) | | | | | 8.00 | | | | | | | | | | | | | | | | | | 8.00 | | | 8.00 | 8.00 | | | 8.00 | 4.00 | 44.00 | | | | | | | | | | | | | | | | | | | | | |
| | TOTAL | | 0.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 0.0 | 0.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 0.0 | 0.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 0.0 | 0.0 | 8.0 | 0.0 | 0.0 | 8.0 | 8.0 | 0.0 | 0.0 | 8.0 | 4.0 | 156.00 | | | | | | | | | | | | | | | | | | | | |
| I hereby certify that the above information is a true and correct representation of the actual time spent by me in support and compliance of the above Federal and state Categorical programs and General Education Program operated by the district. | | | | | | | | | | | | | | | | | | | | | Employment Hours? 8 | | | | Work Days in Month? 19.5 | | | | 156.0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="border: 1px solid black; padding: 5px; display: inline-block;"> </div> | | | | | | | | | | | | | | | | | | | | | 1-6-14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EMPLOYEE SIGNATURE | | | | | | | | | | | | | | | | | | | | | DATE | | | | SUPERVISION SIGNATURE | | | | DATE | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directions: To be completed each month Enter time in quarter hour increments At end of month, hours worked should match hours employed Most likely reason for not working is Column B not matching Fund exactly | | | | | | | | | | | | | | | | | | | | | <table border="1"> <thead> <tr> <th>Program Name</th> <th>%</th> <th>A. Hours Funded</th> <th>B. Hours Worked</th> <th>Remaining (A-B)</th> <th>Overt/Under</th> </tr> </thead> <tbody> <tr> <td>District</td> <td>0.30</td> <td>46.80</td> <td>46.70</td> <td>0.10</td> <td>-0.05%</td> </tr> <tr> <td>Title 1</td> <td>0.40</td> <td>62.40</td> <td>62.60</td> <td>-0.20</td> <td>0.13%</td> </tr> <tr> <td>Migrant</td> <td>0.20</td> <td>31.20</td> <td>31.30</td> <td>-0.10</td> <td>0.06%</td> </tr> <tr> <td>EIA/SCE</td> <td>0.10</td> <td>15.60</td> <td>15.40</td> <td>0.20</td> <td>-0.13%</td> </tr> </tbody> </table> | | | | Program Name | % | A. Hours Funded | B. Hours Worked | Remaining (A-B) | Overt/Under | District | 0.30 | 46.80 | 46.70 | 0.10 | -0.05% | Title 1 | 0.40 | 62.40 | 62.60 | -0.20 | 0.13% | Migrant | 0.20 | 31.20 | 31.30 | -0.10 | 0.06% | EIA/SCE | 0.10 | 15.60 | 15.40 | 0.20 | -0.13% |
| Program Name | % | A. Hours Funded | B. Hours Worked | Remaining (A-B) | Overt/Under | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| District | 0.30 | 46.80 | 46.70 | 0.10 | -0.05% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Title 1 | 0.40 | 62.40 | 62.60 | -0.20 | 0.13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Migrant | 0.20 | 31.20 | 31.30 | -0.10 | 0.06% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EIA/SCE | 0.10 | 15.60 | 15.40 | 0.20 | -0.13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



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State Superintendent
of Public Instruction

III-FM 2. ALLOWABLE COSTS

Ensure the LEA charges costs to the program that are reasonable, necessary, and properly supported in accordance with applicable statutes, regulations, and program requirements.



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State Superintendent
of Public Instruction

Cost Principles: Basic Guidelines

To be allowable under federal awards, all costs must be:

- 1. Necessary to program goals**
- 2. Reasonable**
- 3. Allocable to federal awards**
4. Legal under state and local law and/or regulations
5. Conform with federal law and grant requirements
6. Consistently treated
7. In accordance with Generally Accepted Accounting Principles (GAAP)
8. Not included as match
9. Net of applicable credits
- 10. Adequately documented**

*Title 2, CFR, Part 225, Appendix (C)(1), formerly called OMB A-87;
OMB Circular A-133*



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Cost Principles: Basic Guidelines

Provide documentation to support that these costs are necessary, reasonable, and allowable for the proper and efficient performance and administration of the federal award.

How to document costs:

1. Necessary costs include documentation in the plan to show that no other funds are available and this purchase is needed to improve core instruction for the targeted program.
2. Reasonable costs have documentation showing that it meets a program need without excessive expenditures.
3. Allocable to federal awards will show a clear and direct program benefit.
4. Adequately documented costs must include invoices and documentation to show the purchase was reasonable and necessary for the program charged.



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Cost Principles

Examples of costs that are not typically allowable:

- Bad Debt
- Donations
- Food
- Entertainment, amusement, social activities
- Fines or Penalties
- Goods or services for personal use



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Cost Principles

There is a **very high burden of proof to show that paying for food and beverages with federal funds** is necessary to meet the goals and objectives of a federal grant. Determinations will be made on a case-by-case basis, but allowing such costs will be rare.

- Agendas should be structured to allow participants to purchase their own food, beverages, and snacks
- Plan meetings in locations where participants can buy or bring food
- If hotel embeds food and beverage costs into a contract for meeting space, the grantee should work with the hotel to have the costs backed out of the contract



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Cost Principles

- Specific Federal awards allow refreshment costs to promote parent involvement. These charges must be properly documented and must be a reasonable expense that shows dissemination of technical information benefitting the specific program.
- Meetings required by state law, that include parent participation, should not have food and beverage charges for parent involvement, because attendance is required (ELAC/DELAC).



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III-FM 3. SUPPLEMENT, NOT SUPPLANT

Federal funds should be used to supplement, not supplant existing state and local fiscal efforts. Schools which receive the funds shall have base expenditures comparable to nonparticipating schools.



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III-FM 3. SUPPLEMENT, NOT SUPPLANT

Ensure the LEA uses categorical funds only to supplement, and not supplant state and local funds for the following programs:

- **Title I, Part A** (20 U.S.C. 6321[b]) –Resource Code 3010
- **Title I, Part C** (20 U.S.C. 6321[b] and 6394[c][2]) –Resource Code 3060
- **Title II, Part A** (20 U.S.C. 6321) –Resource Code 4035
- **Title III** (20 U.S.C. 6825[g]; 5 CCR 4320[a]; EC 52168[b] & [c]; EC 54025[c]) –Resource Code 4203
- **Title IV, Part B** (EC 8483.5[e]; 20 U.S.C. 7174[b][2][G])
–Resource Code 4124



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Tests for Supplanting

There are three tests generally used to determine if supplanting exists:

1. Are federal funds being used to provide services that the LEA was required to make available under other federal, state, or local laws?
2. Are federal funds being used to provide services that the LEA provided with non-federal funds in prior year(s)?
3. Are Title I funds being used to provide services to Title I students when the same service is being provided with state or local funds for non-Title I students?



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Tests for Supplanting

If the LEA can document that it genuinely did not have non-federal resources to meet the state mandates in the absence of federal funds, this would not be supplanting.

OMB Circular A-133 Compliance Supplement



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Tests for Supplanting

What Documentation is Needed:

- Fiscal or programmatic documentation to confirm that in the absence of federal funds, the LEA would have eliminated staff or other services
- Budget histories and documentation to show the actual reduction in state or local funds
- Decision to eliminate services or position(s) was made without regard to availability of federal funds (including the reason the decision was made)



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Is this supplanting?

An LEA pays for a reading specialist in a Title I school in the previous year from State and local resources, but decides to use Title I funds to pay for that teaching position in the current year.

Yes

or

No



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Is this supplanting?

The State requires only half-day kindergarten. A district uses Title I funds to pay for an extended-day kindergarten program for Title I schools and then uses State or local funds to pay for a full-day kindergarten program in non-Title I schools.

Yes

or

No



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Title I Schoolwide Programs

SWP Basics:

- Conduct a comprehensive needs assessment
- Create a comprehensive plan
- Annual Evaluation
- Use Title I funds to supplement total funds
- Meet intents and purposes of programs
- Address educational needs



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Title I Schoolwide Programs

SWP Plans must ...

Identify the specific federal, state, and local programs and the amounts being consolidated*

- Consolidate federal, state, and local funds
 - No time and effort records necessary
- Consolidate only federal funds
 - Semiannuals and monthly PARs necessary
- No consolidation of funds
 - Semiannuals and monthly PARs necessary

***Note:** In accordance with Education Code & the California School Accounting Manual (CSAM), funds are required to be separately accounted for in the Standardized Account Code Structure (SACS)



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Supplement, Not Supplant: Schoolwide programs

- Schools must receive all the state and local funds it would otherwise need to operate in the absence of federal funds
 - This includes *operational* expenses such as: building maintenance and repair, landscaping, and custodial supplies or services



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III-FM 4. CASH MANAGEMENT

Verify that the LEA is properly calculating, reporting, and remitting interest earned on unspent federal advances.



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Cash Management

Grantees and sub-grantees are required to remit to CDE, at least quarterly, interest earned on federal advances.

Title 34, Code of Federal Regulations, Section 80.21



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Calculating Interest Earned

- Interest calculation methodologies should be based on **actual** interest earnings on federal funds
- LEAs should calculate interest based on an **average daily balance**
- LEAs are prohibited from **reducing** or **offsetting** federal interest earnings for the temporary use of non-federal cash resources for federal programs (netting)
- LEAs are allowed to keep interest amounts up to \$100 annually for administrative purposes; **the \$100 is in total for all federal programs, not for each federal program**



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Calculating Interest Earned

- Cash balances of federal **reimbursement** programs should be omitted
- Only include Education funds – not United States Department of Agriculture or Health and Human Services funding
- If state and federal funding is comingled, and cannot be separately identified, calculate interest on total balance



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Reporting Interest Earned

- LEAs must calculate, report, and remit interest on, at least, a quarterly basis
- If there is no interest to remit, LEA must notify in writing (via e-mail or letter) the CDE's Cash Management Analyst stating no interest is due and specify the reporting period
- When remitting federal interest to the CDE, LEAs should include their County-District-School code and specify the time period(s) of interest earning



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Remitting Interest Earned

Interest on federal cash balances should be sent to the CDE at the following address:

**California Department of Education
P.O. Box 515006
Sacramento, CA 95851
Attention: Cashier's Office**



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Cash Management FAQ's

We are scheduled for a FPM review. Do I need to provide federal interest calculations for only the programs being reviewed?

Answer: No, LEAs should provide federal interest calculations for all federal programs.

Do I need to modify my federal interest calculation formula when the fiscal year falls on a leap year?

Answer: Yes, LEAs should adjust their interest formula to properly account for the correct number of days in the year and quarter.



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Cash Management FAQ's

What months do each quarter of the state fiscal year cover?

Answer: 1st Quarter: July 1st – September 30th

2nd Quarter: October 1st – December 31st

3rd Quarter: January 1st – March 31st

4th Quarter: April 1st – June 30th

What interest rate should I use?

Answer: Interest calculations should be based on actual interest rates applied to federal cash held in the grantee's bank or County Treasury.



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III-FM 5. FUNDING

Ensure that the LEA allocates federal categorical funds to school sites in accordance with the approved allocation formulas for the Title I, Part A program.



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Funding: Title I Program Resource Code 3010

Each **SPSA** should:

- Accurately reflect the allocation of Title I funds through the Consolidated Application
- Include the proposed expenditure of all Title I funds allocated to the school site
- Identify any funds that have been consolidated in a schoolwide program
- Be reviewed and approved by the school site council and governing board, at least annually

Funding documentation must include: Notification to school sites (i.e., award letters or notification of entitlements) and General Ledger identifying Title I budget allocation to school sites.



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Funding: Title I Program Resource Code 3010

The **LEA Plan** should:

- Accurately reflect the Title I allocation in the Consolidated Application (Con App)
- Clearly indicate specific budgeted expenditures as well as the program benefit for each expense
- Clearly show school allotments and methodology
- Be reviewed and approved by the governing board



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III-FM 6. REPORTING

Ensure that the LEA complied with all of the accountability and reporting requirements for the Title IV, 21st Century Program.



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Reporting: 21st Century Program

Resource Code 4124

- Submit current year fiscal forms online using the After School Support and Information System (ASSIST) for the 21st Century Community Learning Centers and 21st Century High School After School Safety and Enrichment for Teens Program
- The CDE will verify fiscal information that has been reported
- If the LEA does not receive any 21st Century Program funds, then the FM06 Reporting will be recorded as “Not Monitored,” and no documentation is necessary



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Most Common Findings For Fiscal Year 2013-14 Cycles B and D



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Common Fiscal Monitoring Findings

III – FM 1 Timekeeping

- Employees certify budget estimates or other pre-determined percentages
- PARs and periodic certification do not reconcile to actual salary charged on the general ledger/payroll register
- Employees that work on multiple activities or cost objectives maintain semiannual certifications instead of a PARs
- Employee schedules do not reconcile to the employee hours indicated on the PAR or periodic certification



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Common Fiscal Monitoring Findings

III – FM 2 Allowable Costs

- The LEA charged meals at professional development meetings
- The LEA charged the Title III program for California English Language Development Test

III – FM 4 Cash Management

- The LEA used federal reimbursement funds in their federal interest earned calculations
- The LEA used negative combined daily balances in their federal interest earned calculations

III – FM 5 Funding

- The LEA's Title I allocation in the Con App differed from the SPSA and general ledger



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Best Practices for a Successful Review

- Upload documentation early
- Communicate often with your reviewer, via CAIS, phone, email
- Provide ample time for review and follow-up of documents
- Post notification of new upload activity



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Audits and Investigations Division

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